



March 24, 2004

United States House of Representatives
Washington, D.C. 20515

Dear Member of Congress,

On behalf of the more than 600,000 members and activists of People For the American Way, we are writing to urge you to oppose the FY 2005 budget resolution and the budget process bill (H.R. 3973) recently reported out by the House Budget Committee. These measures embrace priorities starkly out of touch with the American people: they favor new deficit-swelling tax cuts that disproportionately benefit the wealthy over adequate funding for programs on which working families depend.

The proposed House budget makes clear the goal of the Administration and its allies to use the massive, largely tax cut-generated long-term deficits to justify rolling back seven decades of investment in the health care, education, and financial security of the American people. It would require \$2.2 billion in cuts to Medicaid over the next five years, which would leave countless American families without access to necessary medical care and increase the strain on already overburdened state budgets. And it would also slash \$120 billion over five years from domestic discretionary programs outside homeland security, including housing, veterans' health care, law enforcement, and environmental protection.

While cutting services important to the vast majority of Americans, the House budget resolution proposes to extend – without paying for them – the 2001 and 2003 tax cuts, at a five-year cost of \$138 billion and a 10-year cost of \$1.2 trillion. The benefits of these tax cuts would go overwhelmingly to the very rich. Extending the 2001 and 2003 tax cuts would give millionaires average annual tax cuts of \$144,000 – an amount that exceeds the annual income of 94 percent of U.S. households – while the poorest 20 percent of households would receive average annual tax cuts of \$2.

Even worse, an accompanying budget process bill, H.R. 3973, seeks to enshrine these skewed “take from average Americans to give to the rich” priorities in the federal budget-making process. It would lock in the deep cuts included in the final budget resolution by imposing five-year caps on discretionary spending. This will make it harder for future Congresses to reverse the deep cuts enacted this year and could also force even deeper cuts in critical domestic programs.

Moreover, the deep cuts called for in the House budget resolution and H.R. 3973 would not, as some claim, go toward deficit reduction. Indeed, under the House plan cumulative deficits would be \$250 billion greater over the next five years – and \$1.5 trillion over the

next ten years – than they otherwise would be, in large part because of the additional tax cuts contained in the House budget resolution.

Finally, H.R. 3973 exacerbates this unbalanced and irresponsible approach to deficit reduction by proposing one-sided “pay-as-you-go” rules. This perversion of the budget rules of the 1990’s would require that any future improvements in entitlement programs (such as Medicare, Medicaid, food stamps, school lunches, and veterans’ programs) be “paid for” by reductions in other entitlement spending, while new tax breaks would not have to be offset. Not only would such an unbalanced “pay-as-you-go” rule not work to rein in deficits, but it would also likely result in budget outcomes out of step with Americans’ priorities. Congress should not codify this sham fiscal discipline while continuing to ignore tax cuts as a major cause of our deficits and a threat to our shared priorities.

People For the American Way strongly urges you to reject the proposed House budget resolution and the budget process bill, H.R. 3973. We cannot afford – nor is it fair – to continue the reckless tax-cutting policies of the past few years. And we must resist radical and one-sided changes to the budget rules designed to help perpetuate the unfair and unaffordable policies that jeopardize our ability to assure a world-class education for our children, quality health care, retirement security, and economic opportunity. Instead of more of the same failed policies, we should reform the tax system to restore fairness, provide adequate funds to meet pressing federal, state, and local public needs, and to strengthen the economy.

Sincerely,



Ralph G. Neas
President



Marge Baker
Director of Public Policy